

11375 RED WING DR
Klamath Falls, OR 97601

WHEN REQUIRED MAIL TO: KLMAT FIRST FEDERAL SAVINGS & LOAN ASSOCIATION
2323 KAMIAH STREET
KLAMATH FALLS, OR 97601

ACCOUNT NUMBER: 030-0-00441

TAX ACCOUNT NUMBER: 62273

11375 RED

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made in JANUARY 14, 1999, by THOMAS A. HAMILTON, JR., AND BERNIE M. E. HAMILTON, HUSBAND AND WIFE ("Borrower"). The trustee is

("Trustee"). The beneficiary is KLMAT FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION which is organized and existing under the laws of THE UNITED STATES OF AMERICA, and whose address is CAMPUS BRANCH, 2323 KAMIAH STREET, KLAMATH FALLS, OR 97601.

EIGHTY NINE THOUSAND EIGHT HUNDRED AND NO/100. This debt is evidenced by Borrower's monthly payments, with the full debt, if no extensions and modifications of the Note, the security of this Security Instrument, instrument and the Note; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender

FUTURE ADVANCES. Upon request of Trustee to Borrower, may make Future Advances to Borrower, such Future Advances, with interest thereon, shall be secured by trust, with power of sale, the following described property located in

LOT 4, IN BLOCK 28, FIFTH OFFICIAL PLAT THEREOF ON COUNTY, OREGON.

which has the address of 11375 RED WING DR, Klamath Falls, OR 97627.

TOGETHER WITH all the improvements now or hereafter a part of the property. All replacement of the foregoing is referred to in this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and generally the title to the Property against all

THIS SECURITY INSTRUMENT contains no variations by jurisdiction to constitute a uniform

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. All principal and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) his Security Instrument as a lien on the Property; (b) yearly household expenses, if any; (c) yearly insurance premiums; (d) yearly flood insurance premiums, if any; and (e) any sum payable by Borrower to Lender in accordance with the provisions of paragraph 8, in lieu of Lender may, at any time, collect and hold

instrument is made in JANUARY 14, 1999. The grantor is

KLMAT FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION, and whose address is CAMPUS BRANCH, 2323 KAMIAH STREET, KLAMATH FALLS, OR 97601. ("Lender"). Borrower owes Lender the principal sum of

Dollars (U.S. \$ 89,800.00).

Note dated the same date as this Security Instrument ("Note"), which provides for payment earlier, due and payable on FEBRUARY 1, 2029, (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect performance of Borrower's covenants and agreements under this Security instrument and the Note; and (d) the repayment of any future advances, with interest thereon, made to Borrower by Lender

to Borrower, at Lender's option prior to full reconveyance of the property by Lender. Such Future Advances, with interest thereon, shall be secured by trust, with power of sale, the following described property located in

ADDITION TO Klamath River Acres, according to the office in the county clerk of Klamath

100% 100% [Street, City]
[Zoning Code] (Property Address);

as now or hereafter record on the property, and all easements, appurtenances, and

additions shall also be covered by this Security Instrument as the "Property."

Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and transfer the title to the Property against all persons and demands, subject to any encumbrances of record. Borrower warrants and will defend the title to the Property against all persons and demands, subject to any encumbrances of record.

Covenants for agricultural use and non-uniform covenants with limited

coverage for residential use and non-uniform covenants with limited coverage for residential use and non-uniform covenants with limited

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OREGON Single Family

11375 RED WING DR

11375 RED WING DR
Klamath Falls, OR 97627

Form 3038 9/99

[Signature]

negotiate loan
extended from
itself. If so,
the amount of
in accordance
with applicable law.

The Funds shall be held in an institution Lender, if Lender is such an institution, or Lender may not charge Borrower for the escrow items unless Lender pays them; however, Lender may require Borrower to pay Lender in connection with this loan, and requires interest to be paid, Lender shall receive payment from Borrower. Lender may agree in writing, however, to cancel accounting of the Funds, showing made. The Funds are pledged as additional security.

If the Funds held by Lender exceed the excess Funds in accordance with the amount sufficient to pay the Escrow Items held by Lender the amount necessary to make up payments, at Lender's sole discretion.

Upon payment in full of all sums set forth by Lender. If, under paragraph 21, no Property, shall apply any Funds held by Security Instrument.

3. Application of Payments. Unless and 2 shall be applied: first, to any prepay to interest due; fourth, to principal due; and

4. Charges; Liens. Borrower shall which may attain priority over this Security.

Borrower shall promptly discharge all obligations in the manner provided in paragraph B.

Borrower shall promptly discharge any writing to the payment of the obligation set or defends against enforcement of the Lien of the lien; or (c) secures from the holder Instrument. If Lender determines that any instrument, Lender may give Borrower a actions set forth above within 10 days of the

3. Hazard or Property Insurance. Borrower is insured against loss by fire, hazards including flooding, for which Lender requires insurance coverage. The insurance carrier providing such coverage shall be reasonably withheld. If Borrower fails to provide coverage to protect Lender's rights in the property, Lender may make arrangements for insurance at Borrower's expense.

All insurance policies and renewals shall have the right to hold the policies and renew premiums and renewal notices. In the event of may make proof of loss if not made prompt.

Unless Lender and Borrower otherwise agree, if the restoration or repair is not economically feasible or Lender is required by this Security Instrument, whether Property, or does not answer within 30 days, Lender may collect the insurance proceeds payable by this Security Instrument, whether or not

Unless Lender and Borrower otherwise agree, the due date of the monthly payments referred to in the promissory note shall be the date the Property is acquired by Lender. Borrower's interest in the Property prior to the acquisition shall pass to Lender on the due date of the first monthly payment prior to the acquisition.

6. Occupancy, Preservation, Maintenance. Borrower shall occupy, establish, and use the Property in accordance with the terms and conditions set forth in this Security Instrument and shall continue to do so during the term of occupancy, unless Lender otherwise consents in writing or extenuating circumstances exist which are beyond Borrower's control and which do not allow the Property to deteriorate, or constitute a criminal wrongdoing, whether civil or criminal, by Borrower which otherwise materially impair the lien created by this Security Instrument. If Lender's good faith determination, produced in the course of the application process, gave materially false (any material information) in connection with the information concerning Borrower's occupancy of the Property, Lender shall comply with all the provisions of the Security Instrument as if it had not merged unless Lender agrees to the merger.

7. Protection of Lender's Rights in his Security Instrument, or there is a legal proceeding in bankruptcy, probate, or court; whatever is necessary to protect the value of any sums secured by it less than attorneys' fees and entering on the Property if it have to do so.

Final Basic Settlement Payments Act of 1974 as amended, law that applies to the Funds subject to exceed the lesser amount. Landlord may estimate expenditures of future EuroWest items or otherwise.

whose debts are insured by a federal agency, insurability, or entity (including home loan bank). Lender shall apply the Funds to pay the Escrow Items and the Funds annually analyzing the escrow account, or verifying the Funds and applicable law permits Lender to make such a charge. The charge for an independent real estate tax reporting service used by Borrower otherwise. Unless an agreement is made or applicable law to pay Borrower any interest or earnings on the Funds. Borrower and he paid of the Funds; Lender shall give to Borrower, without charge, an as to the Funds and the purpose for which each debit to the Funds was incurred by this security instrument.

amounts permitted to be held by applicable law, Lender shall account to Borrower for the amount of the Funds held by Lender at any time it may so notify Borrower in writing; and, in such case Borrower shall pay Lender the deficiency. Lender shall make up the deficiency in no more than twelve monthly

by this Security instrument, Lender shall promptly refund to Borrower any Funds Lender shall acquire or sell the Property. Lender, prior to the acquisition or sale of the Property at the time of acquisition or sale as a credit against the sum secured by this

licable law provides otherwise, all payments received by Lender under paragraphs 1 through 4 shall be applied first to unpaid interest accrued on the Note; second, to amounts payable under paragraph 2; third, to your principal balance due under the Note.

all taxes, assessments, charges, fines and impositions attributable to the Property instrument and leasehold payments or ground rents, if any. Borrower shall pay these

and household payments or ground rents, if any. Borrower shall pay these to Lender at the time directly to the Lender all notices of amounts to be paid under this paragraph. If Borrower shall promptly furnish to Lender receipts evidencing the payments.

tion which has priority over this Security Instrument unless Borrower: (2) agrees in writing to the lien in a manner acceptable to Lender; (b) contests in good faith the lien by legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien in agreement satisfactory to Lender subordinating the lien to this Security Instrument; or (c) the Property is subject to a lien which may attain priority over this Security Instrument by identifying the lien. Borrower shall satisfy the lien or take one or more of the following steps:

This insurance shall be maintained in the amounts and for the periods that Lender requires. This insurance shall be chosen by Borrower subject to Lender's approval which shall not to maintain coverage described above, Lender may, at Lender's option, obtain coverage in accordance with paragraph 7.

acceptable to Lender and shall include a standard mortgage clause. Lender shall be, if Lender requires, Borrower shall promptly give to Lender all receipts of paid loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender Borrower.

agreed in writing, insurance proceeds shall be applied to restoration or repair of the Property if economically feasible and Lender's security is not lessened. If the restoration or repair of the Property would be lessened, the insurance proceeds shall be applied to the sums due or not due, with any excess paid to Borrower. If Borrower abandons the Property, notice from Lender that the insurance carrier has offered to settle a claim, then Lender may use the proceeds to repair or restore the Property or to pay sums secured by the Note. The 30-day period will begin when the notice is given.

free in writing, any application of proceeds to principal shall not extend or postpone to in paragraphs 1 and 2 or change the amount of the payments. If under paragraph 1 or 2, the Lender's right to any insurance policies and proceeds resulting from damage to the Lender to the extent of the sums secured by this Security Instrument immediately

use and Protection of the Property; Borrower's Loan Application; Leaseholds; Property as Borrower's principal residence within sixty days after the execution of this Agreement, Borrower shall have the right to occupy the Property as Borrower's principal residence for at least one year after the execution of this Agreement, provided that Borrower agrees in writing, which consent shall not be unreasonably withheld, or unless otherwise provided by law, to give Lender the right to require Borrower to vacate the Property if Borrower fails to make timely payments of the monthly installments of principal and interest due under this Note and the Security Instrument, or if Borrower commits waste on the Property. Borrower shall be in default if any foreclosure action or suit in Lender's good faith judgment could result in forfeiture of the Property or this Security Instrument or Lender's security interest. Borrower may cure such a default by ceasing the action or proceeding to be dismissed with a ruling that, in the opinion of the court, there has been no forfeiture of the Borrower's interest in the Property or other material impairment of Lender's security interest. Borrower shall also be in default if Borrower, during the period of time specified in the Note, provides inaccurate information or statements to Lender (or failed to provide) Lender with the information required by the Note, including, but not limited to, representations concerning the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall be in default if Borrower acquires fee title to the Property, the leasehold and the fee title shall be severed.

any amount disbursed by Lender instrument. Unless Borrower and Lender disbursement of the Note rate and shall be to the Standard Insurance Company coverage as required by our contract or Lender's intent. This insurance may be coverage the Lender purchased may not prior cancel the coverage by providing evidence.

The Borrower is responsible for cost contract or loan balance. If the cost is applicable to this added amount. Effective date Borrower failed to provide proof of coverage.

The coverage Lender purchases may own and may not satisfy the need for applicable law.

8. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage provided by Lender ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the cost of the insurance previously in effect, at a cost substantially equivalent to the cost of the insurance previously in effect from an alternate mortgage insurer approved by Lender. If substantially available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect, or to provide a loss reserve in lieu of mortgage insurance. Loss reserve payments may become available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance coverage (in the amount and for the period that Lender agrees to provide a loss reserve, unless the requirement for mortgage insurance ends in ten years).

9. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

10. Condemnation. The proceeds of condemnation or other taking of any part of the Property, if any award of claim for damages, direct or consequential, in connection with any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing, or Lender otherwise agrees in writing, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower authorizes to collect and apply the proceeds of this Security Instrument, whether or not then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is at its option either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

11. Borrower Net Release; Forbearance. Authorization of the sums secured by this Security Instrument shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest for any reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right it already shall not be a waiver of or preclude the exercise of any right.

12. Successors and Assigns; Bond. Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and obligations under this Security Instrument but does not execute the Note, Borrower's interest in the Property under this Security Instrument, and (c) make any accommodations with regard to the Note.

13. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceed the permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

14. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

15. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision, to this end the provisions of this Security Instrument and the Note are declared to be severable.

16. Borrower's Copy. Borrower shall be given one conforming copy of the Note and of this Security Instrument.

17. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest Lender's prior written consent, Lender may exercise this option. However, this option shall not be exercised by Lender if Lender is prohibited by federal law as of the date of this

Security instrument. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest Lender's prior written consent, Lender may exercise this option. However, this option shall not be exercised by Lender if Lender is prohibited by federal law as of the date of this

Security instrument. The cost of this insurance may be added to your or loan balance, the interest rate on the underlying contract or loan will may be at the date the Borrower's prior coverage lapsed or the date the

more expensive than insurance the Borrower can obtain on Borrower's coverage or other mandatory liability insurance requirements imposed by

applicable law.

18. Mortgage Insurance. If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage previously in effect, at a cost substantially equivalent to the cost of the insurance previously in effect from an alternate mortgage insurer approved by Lender. If substantially available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premium being paid by Borrower when the insurance coverage lapsed or ceased to be in effect, or to provide a loss reserve in lieu of mortgage insurance. Loss reserve payments may become available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance coverage (in the amount and for the period that Lender agrees to provide a loss reserve, unless the requirement for mortgage insurance ends in ten years).

19. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

20. Condemnation. The proceeds of condemnation or other taking of any part of the Property, if any award of claim for damages, direct or consequential, in connection with any

conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing, or Lender otherwise agrees in writing, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower authorizes to collect and apply the proceeds of this Security Instrument, whether or not then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is at its option either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 or change the amount of such payments.

21. Note Waiver. Extension of the time for payment or modification of this Security Instrument granted by Lender to any successor in interest of Borrower shall not affect Borrower or Borrower's successors in interest. Lender shall not be required to extend time for payment or otherwise modify amortization of the note. In the event of any demand made by the original Borrower or Borrower's successors in interest, any right it already shall not be a waiver of or preclude the exercise of any right.

22. Joint and Several Liability; Co-signers. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17. Borrower's covenants and obligations under this Security Instrument shall not be joint and several. Any Borrower who co-signs this Security Instrument only to mortgage, grant and convey that interest of this Security Instrument; (b) is not personally obligated to pay the sums guaranteed that Lender and any other Borrower may agree to extend, modify, forbear or terminate this Security Instrument or the Note without that Borrower's consent.

23. Prepayment. This Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceed the permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

24. Notices. Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

25. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision, to this end the provisions of this Security Instrument and the Note are declared to be severable.

26. Borrower's Copy. Borrower shall be given one conforming copy of the Note and of this Security Instrument.

27. Transfer of the Property or a Beneficial Interest. If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest Lender's prior written consent, Lender may exercise this option. However, this option shall not be exercised by Lender if Lender is prohibited by federal law as of the date of this

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or recorded within which Borrower must pay all sums secured by this Security Instrument without further notice or demand on Borrower.

18. Borrower's Right to Reinstate. If this Security Instrument is discontinued (specify for reinstatement) before sale of entry of a judgment enforcing his Note, it would be due under this Security Instrument covenants or agreements; (c) pays all reasonable attorneys' fees; and (d) takes this instrument, Lender's rights in the Property will remain unchanged. Upon reinstatement fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17.

19. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects principal payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address to which payments should be made. The notice will also contain any other information required by applicable law.

20. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property that is in violation of any Environmental Law or of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns or is notified by any governmental or regulatory authority, that any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS.

21. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 unless applicable law provides otherwise). This notice shall be given at least 30 days from the date the notice of default is given to care the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property and the right to bring a court action for acceleration and sale. If the default requires immediate payment in full of the power of sale and any other remedies incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and record it in each county in which any part of the Property is located. Lender or Trustee shall give notice of sale in the manner prescribed by applicable law required by applicable law. Trustee, bidder at the time and place and as Trustee determines. Trustee may postpone sale of any or any parcel of the Property by public announcement at the time and place of any previously scheduled sale.

Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's fees; (b) to all sums secured by this Security Instrument; and (c) any excess paid to it.

22. Reconveyance. Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property without warranty for a fee of not less than \$5.00 to the person or persons legally entitled to it. Such person or persons shall pay any recording costs.

23. Substitute Trustee. Lender appointed hereunder. Without conveyance conferred upon Trustee herein and by applicable law.

24. Attorneys' Fees. As used in this instrument and in the Note, "attorneys' fees" shall include any attorneys' fees awarded by an appellate court.

25. Rider to this Security Instrument. The covenants and agreements of this Security Instrument as if the rider(s) were a part of this Security Instrument.

[Check applicable box(es)]

- Adjustable Rate Rider
- Graduated Payment Rider
- Balloon Rider
- VA Rider

condominium Rider:

Planned Unit Development Rider:

Fee Improvement Rider:

Other(s) specify:

Family Rider:

Biweekly Payment Rider

Second Home Rider

"UNDER OREGON LAW, MOST AGREEMENTS AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS SECURITY INSTRUMENT ARE NOT FOR PERSONAL, FAN HORROWER'S RESIDENCE MUST BE ENFORCED."

"FROM SES AND COMMITMENTS MADE BY US AFTER THE EFFECTIVE DATE OF THIS SECURITY INSTRUMENT ARE NOT FOR PERSONAL, FAN HORROWER'S RESIDENCE MUST BE ENFORCED."

BY SIGNING BELOW Borrower
and/or Creditor(s) executed by Lender and
Witnesses: 1859
acknowledges receipt of the documents and covenants contained in this security instrument and agrees to
comply with it.

THOMAS HAMILTON III

(Seal)
-Borrower

BEVERLY N HAMILTON

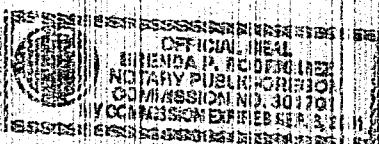
(Seal)
-Borrower

(Seal)
-Borrower

STATE OF OREGON,

On this 11th day of
January, 1999,
the foregoing instrument to be

My Commission Expires: 9/6/01
(Official Seal)



County is:

personally appeared the above named

and acknowledged

Before me:

Notary Public for Oregon

STATE OF OREGON, COUNTY OF CLAMATH:

Filed for record at request of Fir American Title
of January, A.D. 1999 at 11:05 o'clock A.M., and duly recorded in Vol. 199
of Mort Regs. on Pg. 1855 dry.
FEE \$30.00 by Linda Smith, County Clerk